



## HOUSING

AUTHORITY OF THE  
CITY OF SANTA BARBARA808 Laguna Street / Santa Barbara  
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June 16, 2009

Mr. Steven Faulstich, Housing Programs Supervisor  
Housing & Redevelopment Division  
City of Santa Barbara  
630 Garden St.  
Santa Barbara, CA 93101

**RE: FUNDING REQUEST FOR ADDITIONAL CITY/RDA SUBSIDY FOR THE  
DEVELOPMENT OF 416-424 E. COTA ST. AND 517 OLIVE ST. AS A 56 UNIT  
AFFORDABLE RENTAL HOUSING COMPLEX—ARTISAN COURT**

Dear Steven:

As you know, the Housing Authority is moving forward with the development of the above referenced property. We hope to be able to begin construction by November 1<sup>st</sup>. This important development, Artisan Court, will consist of 56 affordable housing units (55 studios and one manager's apartment) and is intended to serve a combination of low income, downtown workers, youth aging out of foster care, and special needs/homeless persons.

While we have submitted an application to the State for Low-Income Income Housing Tax Credit (LIHTC) funding for the bulk of the project's needed equity capital, we will require additional local funding for the project to be financially viable. To this end, we are submitting this amended letter request.

In our original projections, we thought we would need a commitment from the City/RDA of an additional \$4.7 million. Now that we have fully completed our LIHTC application to the State, identified additional funding resources and refined our development numbers, we are able to reduce our funding request to the City and RDA to \$3.2 million at this "point in time." While we are confident in our numbers, our request must be "qualified" until such time that the needed tax credits are awarded and sold, the project is actually bid and all other funding sources are secured. This \$3.2 million request breaks down into two pieces: \$2 million to assist with the payoff of the Authority's existing commercial loan on the property and \$1.2 million to help cover the project's hard cost of construction.

As you know, the property was purchased by the Housing Authority for \$4.75 million in August of 2006. The City Redevelopment Agency provided a \$2 million loan to the

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Housing Authority to cover part of the acquisition cost. The balance was covered by a commercial loan of \$2.75 million from Santa Barbara Bank and Trust (SBB&T). The loan from SBB&T has a current principle balance of \$2,650,000. To retire this debt, the Housing Authority (as agreed to at the time of purchase) will apply excess revenue of \$400,000 derived from the commercial leases on the property over the past 35 months, along with \$2 million of the \$3.2 million requested herein. The remaining \$1.2 million that is the subject of this request will be used to cover a portion of the development's hard costs of construction.

Enclosed for your review is an updated Executive Summary of the project's development proforma (Exhibit A). It shows total development costs (not including land) of \$12,929,050. The Executive Summary further details funding sources as follows:

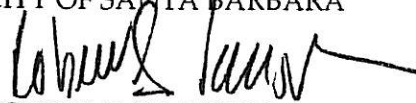
Source	Amount
City/RDA Funding	\$1,200,000
Deferred Housing Authority Developer Fee	\$272,021
Tax Credit Equity	\$9,800,425
CTCAC ARRA Award	\$1,656,604
<b>Total Development Cost/Sources</b>	<b>\$12,929,050</b>

In order to fully quantify City/RDA subsidy needs for the project (inclusive of land costs), one would add the initial land purchase loan of \$2 million, the bank loan pay-off need of \$2 million and the \$1.2 million for construction for a total of \$5.2 million or \$92,857 per unit in City/RDA subsidy. The Housing Authority believes that this level of local subsidy is in line with than other recent affordable housing projects in the City.

We thank you in advance for your consideration of this request and look forward to meeting with you soon to review the project and its financing needs in greater detail.

Sincerely,

HOUSING AUTHORITY OF THE  
CITY OF SANTA BARBARA

  
ROBERT G. PEARSON  
Executive Director/CEO

cc: Skip Szymanski  
Rob Fredericks  
Rita Lawrence  
Roberta Maccianti

**EXECUTIVE SUMMARY**  
**ARTISAN COURT APARTMENTS**  
Santa Barbara, CA

6/3/2009

**EXHIBIT A**

**PROJECT SIZE**

TOTAL NUMBER OF UNITS	56
TOTAL PROJECT SQUARE FEET	31,142

**PROJECT FINANCING**

	TOTAL	PER UNIT	PER SQ FT
AQUISITION/PERMANENT FINANCING	0	0	0.00
OTHER FINANCING	1,200,000	21,429	38.53
DEVELOPMENT FEE REINVEST	272,021	4,858	8.73
PARTNER CAPITAL CONTRIBUTIONS			
LIMITED PARTNER CONTRIBUTIONS	9,800,425	175,008	314.70
TCAC ARRA AWARD	1,656,604	0	0.00
<b>TOTAL PROJECT FINANCING</b>	<b>12,929,050</b>	<b>201,295</b>	

**PROJECT COSTS**

	TOTAL	PER UNIT	PER SQ FT
LAND & EXISTING BUILDINGS	0	0	0.00
DIRECT CONSTRUCTION COSTS	10,263,488	183,277	329.57
FINANCING & INDIRECT COSTS	1,079,691	19,280	34.67
DEVELOPER COMPENSATION	1,403,411	25,061	45.06
CASH RESERVES & OPER. DEFICITS	182,460	3,258	5.86
<b>TOTAL PROJECT COSTS</b>	<b>12,929,050</b>	<b>230,876</b>	<b>415.16</b>

**LOW INCOME HOUSING TAX CREDITS**

MAXIMUM ANNUAL CREDIT ALLOCATION	1,380,503
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**UNIT MIX**

	# UNITS	% OF M.I.	RENT	SQ. FT.	RENT/SQ FT
STUDIO	17	30%	\$408	450	0.91
STUDIO	26	40%	\$545	450	1.21
STUDIO	5	50%	\$681	450	1.51
STUDIO	7	60%	\$817	450	1.82